Malabon City financial assessment

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1 – Executive Summary

This Financial Assessment provides a mapping of the source of public-private partnership (PPP) financing in the Philippines. It also describes the Philippine environment for PPPs and analyses potential multi-source donor funding sources in Manila that can be tapped and mobilized for the implementation of the Business Case in Malabon City and the appropriate and practical financing mechanisms. The assessment focused on the selected themes: affordable housing, land tenure, electricity (power distribution) and clean water. These priority themes surfaced in the community needs assessment conducted in Malabon City. For the funding institutions, special attention is paid to the following indicators: financing models, strategies, cases, and best practices; nature of prime recipients; openness for innovations and interventions that are not yet evidence based, open-mindedness, and some examples of their best practices/case studies; main funding requirements for applicants; indication on average and maximum funding amount; calendar for funding/loan request and the possibility to apply outside published calls; extent of interest and involvement in HCC; and, lead department and contact person.

Researches through the internet were conducted to identify the internal and external sources of the funding pipeline. From the websites of the potential funding sources, phone calls were made to inquire for the willingness of the institution to partner with HCC and the basic requirements for the partnership to be consummated. Fortunately, the contacted institutions were more than willing to accommodate inquiries through phone calls while others requested for a formal request through their websites. A total of ten (10) potential partners were contacted from the list of identified potential partners as a result of the research work. Of the ten potential partners, three (3) responded positively, five (5) requested for a formal request through their websites, one (1) politely begged off and the remaining one (1) did not respond.

Findings and Conclusions

Important findings of this study are as follows:

- RA 7718 provides the framework for the competitive tender and government support for PPP through various contractual arrangements: build-operate-transfer, build-transfer, build-own-operate, build-lease-transfer, build-transfer-operate, contract-add-operate, develop-operate-transfer, rehabilitate-operate-transfer, and rehabilitate-own-operate. Other variations of these contractual arrangements should be approved by the president of the Philippines.
- There are two modes of competition in the Philippine PPP framework- the solicited proposal process and the unsolicited proposal process. The solicited mode is the regular tendering process where a government unit prepares the project feasibility analysis and solicits competitive proposals from the private sectors to undertake the project. In the unsolicited mode, a government unit may accept an unsolicited proposal from a private firm under three conditions.
- Additional incentives are offered to private sector proponents. For projects that would have difficulty in sourcing funds, up to 50% of the project cost may be financed by direct government appropriations and/or from Official Development Assistance (ODA) of foreign governments or institutions, with the balance to be provided by project proponent. Projects costing more than P1B shall be entitled to incentives provided by the Omnibus Investment Code, upon registration with the Board of Investments. In addition to financial incentives, there is the creation of an investor-friendly business climate with minimum government regulations and procedures as well as specific government undertakings in support of the private sector.

- Joint ventures between government corporations and private entities must follow a competitive process. The Joint Venture Guidelines issued by NEDA in 2008 and revised in 2013 provide the rules and procedures for the competitive selection of private joint venture partners.
- The main agency in charge of the PPP program is the Public-Private Partnership Centre attached to NEDA. A Project Development and Monitoring Facility (PDMF) has been established as a revolving fund for the preparation of pre-feasibility, feasibility studies and tender documents for PPP projects, and assistance in the bidding process.
- As LGUs have strived to carry out the responsibilities and activities devolved to them by the 1991 Local Government Code, they have explored and availed of various financing options including grants, loans, bonds, and PPP arrangements. The Local Government Code specifically authorized LGUs with financially viable infrastructure projects to enter into build–operate– transfer (BOT) agreements subject to the 1990 BOT Law
- With the passage of RA 7160 or the LGC, responsibilities as well as resources were transferred from the national government to the LGUs which were vested with both local autonomy and accountability. In addition to basic services, LGUs were also tasked to provide the revenue-generating infrastructure facilities. For such facilities that are financially viable, LGUs were authorized by the LGC to enter into contracts with any duly prequalified individual contractor, for the financing, construction, operation, and maintenance of such facilities, under the BOT arrangement, subject to the applicable provisions of the BOT Law and the terms and conditions provided in Section 302 of the LGC. The LGC further provided that projects that may be financed, constructed, operated, and maintained by the private sector should be included in the LGU's local development plans and public investment programs and be disclosed to the public and duly registered contractors. The projects also need to be confirmed by the local development councils based on the plans and specifications submitted. The contracts for approved projects shall be awarded to the lowest complying bidder in a public bidding.
- To finance self-liquidating, income-producing development or livelihood projects, LGUs were also authorized by the LGC to issue bonds, debentures, securities, or other obligations, subject to the rules and regulations of the Central Bank and the Securities and Exchange Commission (SEC). To finance public and infrastructure facilities and other capital investment projects that may not be financially viable or self-liquidating, LGUs were authorized by the LGC to contract loans, credits, or other forms of indebtedness with government or domestic private banks.
- To provide LGUs with the necessary resources to undertake their new responsibilities, the LGC gave LGUs the power and authority to create their own sources of revenue and to levy taxes, fees, and charges. Various mechanisms for LGUs to share in the revenues collected by the national government were also introduced. Through the Internal Revenue Allotment (IRA), LGUs automatically receive 40% of the internal revenue taxes collected by the national government during the third year preceding the current fiscal year. LGUs also get a share of the proceeds derived from the utilization and development of the national wealth within their respective jurisdictions. Any funds or resources available for the use of LGUs, including those from the national government, shall first be allocated for the provision of basic services or facilities enumerated in Section 17(b) of the LGC. The LGC also allows LGUs to accept financial grants or donations in kind from local and foreign assistance agencies, without prior approval of the national government or any higher LGU. The concerned local chief executives (LCEs) are required to report the nature, amount, and terms of such assistance to both houses of Congress and the President, through the Department of the Interior and Local Government (DILG).
- The LGC also authorizes LGUs to enter into joint ventures and such other cooperative arrangements with NGOs and people's organizations to engage in the delivery of basic services, capability building, and livelihood projects, and to develop local enterprises "designed to improve productivity and income, diversify agriculture, spur rural industrialization, promote ecological

balance, and enhance the economic and social well-being of the people." Articles 62 and 66 of the IRRs for the LGC allow LGUs to form such joint ventures and other cooperative arrangements not only with people's organizations and NGOs but also with the private sector. To make them active partners in the pursuit of local autonomy and development, they may be involved in the following: local special bodies, delivery of basic services and facilities, joint venture and cooperative programs or undertakings, financial and other forms of assistance, and financing, construction, maintenance, operation, and management of infrastructure projects.

- The government has specialized financing agencies for infrastructure development- the National Electrification Administration (NEA) for electric power infrastructure and the Local Water Utility Administration (LWUA) for water-related infrastructure. These corporations unlike government financial institutions receive yearly subsidies from the government. They provide grants and loans for infrastructure-related projects.
- Multiple ODA partners have lent significant amount of resources in helping the Philippines develop its infrastructure. Grants have also been provided together with loans.
- Infrastructure financing activities in the local capital market include loan syndication by banks and corporate bond issuances of holding companies with infrastructure exposure

Opportunities

An inventory of financial institutions that are active in infrastructure and development investments and have strong traction with the selected themes is provided below. These are the potential financial donor and institutions that HCC and Malabon LGU can explore partnership with.

A. Internal Sources

Government Funding Institutions, GFIs (Land Bank and DBP) and Municipal Development Fund, MDF

LGU Guarantee Corporation

National Government Agencies, NGAs via National Government–Local Government Units Cost-Sharing Policy

Philippine Investment Alliance for Infrastructure (PINAI)

Social Housing and Finance Corporation, SHFC

PPP Center Project Development Monitoring Facility, PDMF

B. External Sources

Official Development Partners (ODA)-Multilateral Agencies: Asian Development Bank (ADB), United Nations, International Finance Corporation, World Bank (WB)

Official Development Partners - Bilateral Aid Agencies: Government of Australia, Australian Agency for International Development (AusAid), Canada, People's Republic of China, European Union, Government of Japan, France,Republic of South Korea, Spain, Sweden, Korea Eximbank-Economic Development Cooperation Fund (EDCF), USAID, New Zealand

For housing and land tenure, Landbank and DBP provide financing as follows:

LANDBANK only transacts with Filipino-owned or Filipino majority-owned companies including LGUs- LGU's are required to submit the following: Monetary Board Opinion from Bangko Sentral ng Pilipinas; Seal of Good Housekeeping from DILG; Audited financial statements for the last 3 years. The LGU can avail up to 90% of the project cost. Processing time is 45 days. Application should be sent to Lending Management Group, Attn: Mr. Edward Chan T. Reyes, SVP, under Corporate Banking Group. He can be contacted at 405-7347 and fax # 528-8563

DEVELOPMENT BANK OF THE PHILIPPINES requires the following: company should be registered and based in the Philippines; profile of the NGO; feasibility study memorandum of Agreement with the LGU; target beneficiaries. DBP can shoulder 70% to 80% of the total project cost. Processing time is 45 days. Inquiries can be coursed throughkstordilla@dbp.ph or Ms. Kristina Adecer, Program Manager for Social Housing at 818-9511

Clean and potable water is already being provided by Maynilad Water Services Inc. Fortunately, the barangays Tonsuya and Catmon already have pipelines for tapping. Inquiries made through their hotline (1626) obtained the following requirements for water service installation: land title, deed of sale or right of ownership (original and photocopy);2 government ID's (original and photocopy); barangay certification for Maynilad installation; excavation permit from local government unit; P985.14 (USD 19.75) initial payment for meter installation; 10 working days for Maynilad to check and investigate the application.

Power supply is already being provided by Meralco. The following are the requirements for electric service installation:

- Fill up the application form. Submit the completed form, together with the following requirements, to the Meralco Business Center nearest the location being applied for:
  - Original and Photocopy of one valid ID with picture and signature
  - Original and Photocopy of Proof of Ownership or Occupancy (e.g. Transfer Certificate of Title, Notarized Deed of Sale or Lease Contract, etc.)
  - Signed copy of Waiver which can be obtained from the Business Center. *If you are a tenant, you will also be required to submit the original copy of a notarized Undertaking form. This form is also available at the Meralco Business Center.*
- You will be given a Service Application Number. This will serve as your reference number when you would like to follow-up on the status of your application.
- A field representative will conduct a feasibility survey of your home.
- Once approved, you will be advised to prepare and pay for Bill Deposit which is equivalent to an estimated one month bill.
- Visit the Business Center to pay for your bill deposit, sign the service contract and get your meter socket.
- Install the service entrance. This may be done by your private contractor or by the Accredited Meralco Contractor. The Service Entrance must comply with Meralco standards. The business center will provide you with an installation guide, together with the meter socket.
- Once installed, email the Service Application Number to the assigned business center. A field representative will visit to ensure that the service entrance meets the standard requirements of Meralco.
- You will be given an advice card (yellow card). This will reflect whether your service entrance is approved for energization or will need some necessary corrections.
  If reworks are needed, please make sure that the recommendations written in the advice card are followed. Once completed, kindly inform the Business Center for inspection.
- Once service entrance is approved, you will need to submit the Certificate of Final Electrical Inspection. You may get this from your respective local government unit. The advice card may be required in securing the certificate.
- A Meralco crew will visit you within 3 working days to energize your home.

Most of the financing institutions specially the major ones require government to government transactions while the others require Filipino-owned or Filipino majority-owned companies that can provide collaterals. It is recommended to explore the possibility of partnership with the local government unit which can provide collateral using its Internal Revenue Allotment.

Due to the limited time provided, it is recommended to update this inventory once the replies of the other financing institutions wherein inquiries were made through emails are received.

2 - PPP framework in the Philippines

PPP as an investment strategy in the Philippines started in 1990 when the country was reeling from electric power shortage. (Navarro, Adoracion M. 2012. Achieving Inclusive Growth in the Philippines. East Asian Policy 4(04): 75-83). The Regulatory Framework for PPPs evolved from the first PPP law, Republic Act (RA) 6957, “An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector”, which was passed in 1990. RA 6957 was amended by RA 7718 in 1994. At present, RA 7718 and its implementing rules and regulations provide the framework and procedures for the competitive tender and government support for the following contractual arrangements: build-operate-transfer, build-transfer, build-own-operate, build-lease-transfer, build-transfer-operate, contract-add-operate, develop-operate-transfer, rehabilitate-operate-transfer, and rehabilitate-own-operate. Other variations of these contractual arrangements should be approved by the president of the Philippines.

There are two modes of competition in the Philippine PPP framework- the solicited proposal process and the unsolicited proposal process. The solicited mode is the regular tendering process where a government unit prepares the project feasibility analysis and solicits competitive proposals from the private sectors to undertake the project. In the unsolicited mode, a government unit may accept an unsolicited proposal from a private firm under three conditions: 1) the proposed project involves a new concept or technology and/or is not part of the list of government’s priority projects; 2) no direct government guarantee, subsidy or equity is required; and 3) the government unit has invited comparative or competitive proposals and no better proposal came in a period of 60 working days after invitation for comparative or competitive proposals was published for 3 consecutive weeks in a newspaper of general circulation. If another proponent submits a lower price proposal, the original proponent has the right to match that price within 30 working days.

Additional incentives were offered to private sector proponents. For projects that would have difficulty in sourcing funds, up to 50% of the project cost may be financed by direct government appropriations and/or from Official Development Assistance (ODA) of foreign governments or institutions, with the balance to be provided by the project proponent. Project cost is defined in the Implementing Rules and Regulations (IRRs) of the BOT Law as the total cost expended by the proponent to plan, develop, and construct the project to completion stage including, but not limited to, such costs as feasibility study, detailed engineering and design, construction, equipment, land, and right of way. Projects costing more than P1 billion (USD 20.05M) shall be entitled to the incentives provided by the Omnibus Investment Code, upon registration with the Board of Investments. In addition to these financial incentives, there is the creation of an investor-friendly business climate with minimum government regulations and procedures as well as specific government undertakings in support of the private sector.

Joint ventures between government corporations and private entities must follow a competitive process. The Joint Venture Guidelines issued by the National Economic Development Authority (NEDA) in 2008 and revised in 2013 provide the rules and procedures for the competitive selection of private joint venture partners. Under the guidelines, the private partner can entirely take over the joint venture project after the government divests itself of any interest in it. The existing regulators in infrastructure sectors also provide sector-specific regulatory rules, such as those relating to prices, routes, standards or operating parameters. These regulators include among others Energy Regulatory Commission and National Water Resources Board.

While RA 6957 referred only to infrastructure projects, RA 7718 mentioned development projects as well. Infrastructure or development projects that are normally financed or operated by the public sector but which may now be wholly or partly implemented by the private sector were enumerated in RA 7718. Those that may be spearheaded by local government units (LGUs) because of devolution include public markets, slaughterhouses, warehouses, solid waste management (SWM), water supply, sewerage, drainage, dredging, information technology, education and health facilities, roads and bridges, fish ports, housing, government buildings, land reclamation projects, industrial estates or townships, transport systems, canals, dams, mini-hydroelectric projects for local purposes, and irrigation and tourism projects.

The main agency in charge of the PPP program is the Public-Private Partnership Centre (PPPC). A Project Development and Monitoring Facility (PDMF) has been established to address project quality-at-entry and implementation monitoring. The PDMF is a revolving fund for the preparation of pre-feasibility, feasibility studies and tender documents for PPP projects, and assistance in the bidding process. The fund revolves as the project development cost, including an administrative fee of 10%, is recovered from the successful bidder. In case the bidding fails due to reasons that are within the implementing agency's responsibility, the agency refunds the full project development cost, and if due to reasons beyond the agency's control, it refunds only 50% of the cost. The initial fund for the PDMF was pooled from the contributions of the Philippine government (USD7M) and the government of Australia (USD 6M). The Asian Development Bank (ADB) manages the Australian contribution under its Capacity Building Technical Assistance project for the PPP Centre. The PPP Centre administers the whole fund and reviews proposals for PDMF funding. While the legal and policy frameworks for promoting partnerships between LGUs and the private sector have been quite stable over the past two decades, the institutional framework has been less. BOT and similar arrangements for LGUs have been promoted by three different government entities whose technical secretariats have been attached to three different National Government Agencies (NGAs), namely, Department of Finance (DOF) and Central Bank, NEDA, and the Department of Trade and Industry (DTI). At present, the PPP Centre is attached to the NEDA.

As LGUs have strived to carry out the responsibilities and activities devolved to them by the 1991 Local Government Code (LGC), they have explored and availed of various financing options including grants, loans, bonds, and PPP arrangements. The LGC specifically authorized LGUs with financially viable infrastructure projects to enter into BOT agreements subject to the 1990 BOT Law and its IRRs. With the passage of RA 7160 or the LGC on 10 October 1991, responsibilities as well as resources were transferred from the national government to the LGUs which were vested with both local autonomy and accountability. In addition to basic services such as health care, social welfare, and agricultural extension, LGUs were also tasked to provide the revenue-generating infrastructure facilities mentioned in the previous section. For such facilities that are financially viable, LGUs were authorized by the LGC to enter into contracts with any duly prequalified individual contractor, for the financing, construction, operation, and maintenance of such facilities, under the BOT arrangement, subject to the applicable provisions of the BOT Law and the terms and conditions provided in Section 302 of the LGC.

The LGC further provided that projects that may be financed, constructed, operated, and maintained by the private sector should be included in the LGU's local development plans and public investment programs (PIP) and be disclosed to the public and duly registered contractors. The projects also need to be confirmed by the local development councils (LDC) based on the plans and specifications submitted. The contracts for approved projects shall be awarded to the lowest complying bidder in a public bidding.

To finance self-liquidating, income-producing development or livelihood projects, LGUs were also authorized by the LGC to issue bonds, debentures, securities, or other obligations, subject to the rules and regulations of the Central Bank and the Securities and Exchange Commission (SEC). To finance public and infrastructure facilities and other capital investment projects that may not be financially viable or self-liquidating, LGUs were authorized by the LGC to contract loans, credits, or other forms of indebtedness with government or domestic private banks.

To provide LGUs with the necessary resources to undertake their new responsibilities, the LGC gave LGUs the power and authority to create their own sources of revenue and to levy taxes, fees, and charges. Various mechanisms for LGUs to share in the revenues collected by the national government were also introduced. Through the Internal Revenue Allotment (IRA), LGUs automatically receive 40% of the internal revenue taxes collected by the national government during the third year preceding the current fiscal year. LGUs also get a share of the proceeds derived from the utilization and development of the national wealth within their respective jurisdictions. Any funds or resources available for the use of LGUs, including those from the national government, shall first be allocated for the provision of basic services or facilities enumerated in Section 17(b) of the LGC.

The LGC also allows LGUs to accept financial grants or donations in kind from local and foreign assistance agencies, without prior approval of the national government or any higher LGU. The concerned local chief executives (LCEs) are required to report the nature, amount, and terms of such assistance to both houses of Congress and the President, through the Department of the Interior and Local Government (DILG). The LGC authorizes LGUs, through appropriate ordinances, to group themselves and coordinate their efforts, services, and resources for mutually beneficial common purposes. To support such undertakings, the concerned LGUs may contribute funds, real estate, equipment, and other kinds of property as well as appoint or assign personnel, upon approval of the local legislative councils concerned after a public hearing conducted for the purpose.The LGC also authorizes LGUs to enter into joint ventures and such other cooperative arrangements with NGOs and people's organizations to engage in the delivery of basic services, capability building, and livelihood projects, and to develop local enterprises "designed to improve productivity and income, diversify agriculture, spur rural industrialization, promote ecological balance, and enhance the economic and social well-being of the people." Articles 62 and 66 of the IRRs for the LGC allow LGUs to form such joint ventures and other cooperative arrangements not only with people's organizations and NGOs but also with the private sector. To make them active partners in the pursuit of local autonomy and development, they may be involved in the following: local special bodies, delivery of basic services and facilities, joint venture and cooperative programs or undertakings, financial and other forms of assistance, and financing, construction, maintenance, operation, and management of infrastructure projects. (ADB. 2016. *Philippines: Public-Private Partnerships by Local Government Units*. Mandaluyong City: ADB © ADB (http://www.adb.org>philippines-ppp-lgus) (CC BY 3.0 IGO)

3 – PPP financing pipeline

The Philippine Investment Program (PIP) 2011-2016 indicated that among the key areas for investment (infrastructure, industry and services, agriculture and fisheries, financial sector, governance and the rule of law, social development, peace and security, and environment and natural resources), infrastructure has the largest share. Infrastructure development in the PIP is financed mostly by the national government aided by ODA loans (67.72%). Private sector investment ranks second at 18.51% followed by investments of government-owned and controlled corporations (GOCCs) at 8.77%. (Source: PIP 2011-2016). Of these, the targeted amount for the water resources was USD 7.86B, USD 11.63B for social infrastructure, USD 5.47B for energy, and USD 0.02B for cross-cutting key programs and projects.

The government has specialized financing agencies for infrastructure development- the National Electrification Administration (NEA) for electric power infrastructure and the Local Water Utility Administration (LWUA) for water-related infrastructure. These corporations unlike government financial institutions (GFIs) receive yearly subsidies from the government. They provide grants and loans for infrastructure-related projects. Multiple ODA partners have lent significant amount of resources in helping the Philippines develop its infrastructure. Grants have also been provided together with loans. Infrastructure financing activities in the local capital market include loan syndication by banks and corporate bond issuances of holding companies with infrastructure exposure. Below is an inventory of financial institutions that are active in infrastructure and development investments and have strong traction with the selected themes. These are the financial donor and institutions that HCC can explore partnership with together with the target LGU.

Overview of PPP Financing Pipeline

Source of Fund	Financing Institution/Facility
Internal Sources	GFIs- Landbank and DBP
	Municipal Development Fund, MDF
	Local Government Unit Guarantee Corporation, LGUGC
	National Government Agencies - NGA-LGU Cost-Sharing Policy
	Philippine Investment Alliance for Infrastructure , PNAI
	Social Housing Finance Corporation, SHFC Community Mortgage Program, CMP
	PPP Center Project Development Monitoring Facility, PDMF
External Sources	Asian Development Bank Urban Climate Change Resilience Trust Fund (UCCRTF) Country Partnership Strategy (CPS) Country Operation Business Plan
	UN System UN Development Assistance Framework (UNDAF) 2012-2018
	World Bank, WB Country Assistance Strategy (CAS), IFC
	Australian Agency for International Development, AusAid Philippines-Australia Statement of Commitment 2012-

	2017
	People's Republic of China Philippine-China 5 –Year Program for Trade & Economic Development
	Government of Japan, JICA Country Assistance Policy
	Republic of South Korea, Korean International Cooperation Agency (KOICA) Country Partnership Strategy Korea Eximbank-Economic Development Cooperation Fund (EDCF) Framework Arrangement Concerning Loans Country
	New Zealand, ASEAN-New Zealand Joint Comprehensive Partnership Agreement
	Canada, Canadian International Development Agency (CIDA) Strategy on Sustainable Economic Development
	European Union EU Country Strategy Paper for the Philippines EU Multi-Annual Indicative Programme
	France French Financial Protocol expired in 2008; projects considered on a case-by-case basis GPH-AFD-MOU on AFD's Development Activities
	Spain Proposed Philippine-Spain MOU on Financial Cooperation in Support of Trade and Investment Proposed Strategic Partnership Framework for DevelopmentCooperation
	Sweden, Swedish International Cooperation Agency (SICA)
	USAID Country Assistance Strategy Philippines Draft Country Development Cooperation Strategy
	ASEAN Infrastructure Fund (AIF)

4 - Financing models, strategies and other indicators

The financial donors are screened for their 'bankability', funding strategies, funding requirements, financial capacities and readiness to commit to HCC's business model with a view to explore and critically analyse the evolving nature and forms of public and private sector interaction in the context of the financing for development process, as well as the broader sustainable development agenda, such as the possible business cases HCC will develop. Pertinent sources and website links are supplied.

Internal Sources

Government Financing Institutions (GFIs)/Municipal Development Funds (MDF) - The Department of Finance (DOF), in consultation with key stakeholders, formulated the LGU Financing Policy Framework in 1996. The more creditworthy LGUs can float their own bonds or get loans from GFIs or can enter into BOT or similar arrangements with private investors. Even the less creditworthy LGUs with financially viable projects can access GFI loans because they can use their IRA basically as collateral.

Projects with social and/or environmental objectives; they can be social infrastructure (e.g., health clinics and school buildings) or projects to protect or rehabilitate the environment (e.g., reforestation, sewerage, and solid waste management SWM systems) can also generate revenues but they grow gradually over a long period of time while the initial investments can be quite substantial. For projects of this type, even creditworthy LGUs may need to access longer term, lower cost loans from GFIs and the MDF administered by the DOF and, in some cases, limited grants from the MDF. The less creditworthy LGUs can undertake these types of projects only with loans from the MDF, grants, and technical assistance (TA).

The LGU Financing Policy Framework was confirmed by DOF through a January 2007 memorandum to all NGAs, GOCCs, GFIs, and LGUs. It was also cited in the Presidential Executive Order No. 809 on 9 June 2009. Under Executive Order No. 809 "Implementing the Financing Policy Framework for LGUs by Identifying New Sources of Funding for First Tier LGUs under RA 7160" issued on 9 June 2009, the DILG and DOF were directed to implement the Financing Policy Framework and ensure that First Tier LGUs are allowed and assisted to directly contract loans with GFIs and the Municipal Development Fund Office (MDFO) of the DOF. First Tier LGUs are defined to be provinces, cities, or municipalities whose 3-year average proportion of regular locally sourced income to total regular income is at least 60% as per certification of the Bureau of Local Government Finance (BLGF) of the DOF. The project to be financed should be certified by the LGU's Planning and Development Office to be included in the Annual Investment Plan of the LGU. Furthermore, the direct LGU loans from GFIs have to comply with the following requirements: a. denominated in Philippine pesos; b. market-based commercial terms; c. non-use of IRA as security; d. no direct or indirect guarantee from the national government; e. loan proceeds accrue directly and exclusively to the LGU borrower; and f. comply with the LGU Financing Policy Framework, Executive Order No. 809 and all applicable laws, rules, and regulations including those of the DOF and Bangko Sentral ng Pilipinas or the Central Bank. The First Tier LGUs that access loans under Executive Order No. 809 are required to submit quarterly reports to the BLGF, which shall make periodic reports to the DOF Secretary. The BLGF shall monitor the amount of loans made under Executive Order No. 809. (ADB. 2016. *Philippines: Public-Private Partnerships by Local Government Units*. Mandaluyong City: ADB © ADB (http://www.adb.org>philippines-ppp-lgus) (CC BY 3.0 IGO)

GFIs are government-owned and controlled corporations that have licenses to operate as banks. The two biggest GFIs are the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP). In line with the LGU Financing Policy Framework, they have been playing major roles in the provision of credits to LGUs and in promoting their access to private capital through BOT and similar arrangements.

Land Bank of the Philippines, LBP

The LBP was created in 1963 to provide financial support for the Agricultural Land Reform Program. After initially limiting its operations to financing the purchase of agricultural estates for subdivision and sale to tenant farmers, the LBP started to support agricultural, industrial, and other productive enterprises. It was granted universal or expanded commercial banking powers in 1973.

The basic requirements to avail of the loan are as follows:

- Filipino owned or Filipino majority-owned companies including LGUs
- LGUs are required to submit the following:
    - Monetary board opinion from the Bangko Sentral ng Pilipinas or Central Bank
    - Seal of good housekeeping from the DILG
    - Audited financial statements for the last three (3) years

The LBP can finance up to 90% of the total project cost and processing time will take 45 days. Application should be submitted to the Lending Management Group under Mr. Edward Chan T. Reyes, Senior Vice President, Corporate Banking Group with contact numbers at 405-7347 and fax 528-08563.

Development Bank of the Philippines, DBP
The DBP was established in 1958 to take over and expand the functions of the Rehabilitation Finance Corporation that had been created in 1947 to finance the reconstruction of properties damaged by World War II.

The DBP's mandate was later expanded to include financing of public utilities and to promote the establishment of private development banks. The Rehabilitation Finance Corporation/DBP was authorized to give loans to LGUs for the rehabilitation or construction of public markets, slaughterhouses, irrigation, waterworks, toll bridges and other income-producing services, or the purchase of machineries.

The basic requirements to avail of the loan are as follows:

- The company should be based and registered in the Philippines
- Profile of the NGO
- Project feasibility study
- Memorandum of agreement with the LGU
- Target beneficiaries

The DBP can finance from 70% to 80% of the total project cost and it will take them 45 days to process the application which can be coursed through Ms. Kristina Adecer, Program Manager for Social Housing. She can be contacted at 818-9511.

Social Housing Finance Corporation, SHFC
SHFC is a government financing window that is a subsidiary of the National Home Mortgage Corporation (NHMFC) that administers the Community Mortgage Program (CMP). An Executive Order No. 272 mandates SHFC to be one of the lead agencies to undertake social housing programs that will cater ISFs living along the major waterways in the National Capital Region under the Peoples' Proposal Scheme. Its article of incorporation authorizes SHFC to purchase, acquire, sell, discount, refinance or otherwise deal in community or home mortgages or participate therein or engage in estate management under such conditions and terms as may be determined by the Board of Directors of the corporation.

The People's Planning Initiative/Proposal Scheme initiative is also called the "High Density Housing Project". It refers to a slum redevelopment strategy wherein a significant number of ISFs are accommodated in multi-storey buildings. This may be implemented by either an in-city or near-city relocation or a land sharing arrangement. It creates an alternative housing program from "People's proposals" that provides communities living in danger areas on-site, in-city or near city housing options that are safe, decent and affordable.

The CMP provides "community loans" to the poor and homeless to secure tenure, fund site development and housing construction. The CMP advocates the "Community Driven approach" wherein communities organize themselves to mobilize political, social and financial resources to build/develop their communities.

Local Government Unit Guarantee Corporation, LGUGC

To provide loans to LGUs, the DBP, under then Chairman Alfredo C. Antonio, initiated the formation of the LGUGC as a joint undertaking between the DBP and the Bankers Association of the Philippines (BAP). With the BAP having majority share of 51% and DBP the remaining 49%, the LGUGC was incorporated on 2 March 1998 and registered with the SEC as the first private corporation to go into the guarantee business in the Philippines. It was established to engage primarily in activities related to the guarantee of loans and other forms of credit accommodations granted to LGUs and other entities by financial institutions duly accredited with the LGUGC, as well as capital market instruments issued by LGUs and other entities.

In line with LGU Financing Policy Framework, LGUGC's primary goal was to facilitate access of creditworthy LGUs with financially viable infrastructure or development projects to private capital market by providing guarantees for bank loans or bond flotations. It has since extended its guarantee services to other entities that provide products and services that promote countryside development and national economic growth, directly or indirectly. These include water districts, electric cooperatives, state universities and colleges, renewable energy technology providers, and medium and large enterprises that have infrastructure contracts with LGUs, GOCCs NGAs, and top 1,000 private corporations. In January 2005, ADB infused additional capital and assumed ownership of 25% of LGUGC. BAP's share was trimmed to 38% and DBP's share was trimmed to 37%.

Since its incorporation in March 1998, the LGUGC has served as the primary private sector facilitator of public-private partnerships in financing local infrastructure projects. Starting out working only with LGUs, the LGUGC has since pioneered and succeeded in guaranteeing the indebtedness of specialized subnational entities, such as water districts and electric cooperatives, as well as private medium and large enterprises involved in renewable energy and other local infrastructure and development projects, such as tertiary hospitals, bulk water supply, and wastewater management. These are also the types of projects that LGUs are most interested in undertaking, possibly as PPP projects.

Prior to issuance of the bonds and guarantee lines and even during project implementation, LGUGC exercises due diligence through the following activities:

1. LGU screening and credit rating

In the absence of a stand-alone credit rating institution capable of risk evaluation of LGUs, the LGUGC developed an internal LGU Credit Screening and Rating System to guide its marketing activities and guarantee operations. The LGU Credit Screening and Rating System is based on internationally accepted standards that meet the due diligence requirements of both PFIs and private investors. The rating system has two phases:

a. An initial screening process looks at a few summary variables and makes a cursory first-pass judgment on the likely credit quality of LGUs. The following risks are considered on the basis of data from secondary sources: political risk or tendency of the LGU leadership to unilaterally defer payment of maturing obligations, development risk related to the political and economic maturity of the LGU's voting population, and endowment risk related to the LGU's inherent capacities to generate future income. Screened LGUs are divided into four credit groups and the results are posted on the website of LGUGC. The classification is used primarily for identifying candidate LGUs that may wish to avail of LGUGC's guarantee services.
b. Upon LGU application for a guarantee or just for a credit rating, a more intensive examination is made of the operating performance, financial condition, and managerial competence of the

LGU using primary data gathered from the LGU itself as well as other sources. A numeric score is made using a rating technique developed in line with international standards and reviewed by an independent rating committee. The guarantee fee will partly be based on the credit rating of the LGU. Ratings are reviewed annually.

2. Review of Project Feasibility Studies
In addition to the credit rating of the LGU, the LGUGC performs thorough evaluation of the proposed project of the LGU. It looks carefully at project viability and cost estimates. The financial capacity of the LGU to pay at least the interest before the project begins to generate revenues is assessed carefully. Testing whether or not the proposed project can stand on its merits is made using different scenarios of no internal revenue allotment support or no increase in the internal revenue allotment.

1. Project Monitoring Board
The LGUGC gives comfort to its partner PFIs not only through its guarantee of principal and interest payments but also by closely supervising and monitoring the implementation of the projects being financed. The Project Monitoring Board (PMB) is chaired by the LGUGC President and has representatives from the LGU borrower, the trustee bank, and the underwriter. The PMB monitors the LGU's compliance with the project plan and business plan, the collection of project revenues and their remittance to the Trust Fund, and the bond parties' adherence to their obligations under the Trust Indenture. The PMB holds regular meetings as well as project site visits in the LGUs that are implementing projects. Through the PMB, construction progress and contractor billings are validated by an independent works engineer.

2. Portfolio Management and Project Monitoring System
The Portfolio Management and Project Monitoring System monitors the status of guaranteed LGU projects and LGU compliance with guarantee and bond terms and conditions. A management information system provides up-to-date information on portfolio quality and serves as an early warning tool for LGUGC management.

NGAs via National Government–LGUs Cost-Sharing Policy
In May 1996, ICC of the NEDA Board approved a policy framework for financial assistance from the national government for LGU projects with social and/or environmental objectives. It aimed to define appropriate financing policies and assignment of roles among different levels of government to facilitate the decentralization process envisioned by the 1991 LGC. The policy framework allowed for the continued involvement of NGAs in devolved activities only if they had one or more of the following characteristics: (i) externalities (indirect effects on parties not directly involved in the investment undertaking), (ii) economies of scale (when the area coverage required by a particular service to be cost-effective is larger than an LGU's jurisdiction), or (iii) equity considerations. National government support would be in the form of matching grants that are for specific purposes, performance-based, limited in amount and duration, and in line with the following principles:

1. Cost recovery through user charges shall be maximized and PSP shall be elicited whenever possible.
2. Recurrent operation and maintenance expenditures shall not be included.
3. The amount of national government exposure in any devolved project/program shall be set at about 50% and allowed to vary depending on the type of project and the LGU income class.

The cost-sharing scheme between the national government and LGUs for projects with social and/or environmental objectives was approved by the ICC in December 1997. The guidelines specified the percentage of the project cost that could be given by the national government as capital grants and the types of projects and income classes of LGUs that would be eligible for the grants. The matching grants could cover as much as 70% of the cost of projects with environmental and social objectives of LGUs in the lower income classes. While this ratio might appear to be high, this was actually lower than the 100% grant that many LGUs had been accustomed to getting from the national government in the previous years.

In August 2002, the ICC Cabinet Committee delegated to the MDFO Policy Governing Board the review and revision of the loan-grant-equity mix for various projects. The list of devolved activities eligible for matching grants was expanded in the new set of guidelines adopted by the ICC during its 12 December 2002 meeting and by the NEDA Board chaired by the President of the Philippines in its 4 February 2003 meeting. Changes in the mix were also made to partially correct the distortion of the IRA formula which favors cities over municipalities and provinces. The matching grants were limited to only 50% of project cost even for LGUs in the lowest income classes.

The national government-LGU cost-sharing policy was introduced to smoothen the transition from a centralized system when NGAs were delivering infrastructure and services (mostly through projects funded from ODA) that got devolved to LGUs by the LGC. This policy can, however, also be used to support LGU PPPs that meet certain criteria, such as externalities, economies of scale, and equity considerations. The national government support would be in the form of Viability Gap Funding (VGF) for specific purposes, performance-based, limited in amount and duration, and in line with the principles of cost-recovery and PSP. If properly designed and implemented, VGF for LGU PPPs would be even more likely to meet the latter two objectives. As with the matching grants, the VGF would be capital grants up to a certain percentage of the cost of projects bid out competitively. The VGF could be computed using the Financing Gap Method to make the proposed project attractive to investors and lenders (Almagro 2005).

Project Development and Monitoring Facility, PDMF
The PDMF is a revolving fund that supports pre-feasibility studies, feasibility studies, and other necessary pre-investment activities to ensure the high quality of potential PPP projects in infrastructure and development. With an initial contribution of P300 million (USD 6.01M) from the national government, the PDMF is also augmented by donor countries and multilateral agencies in support of the PPP Program. Under the administration and management of the PPP Centre, the PDMF provides government agencies with the required expertise and strategies to prepare attractive projects that are selected to be undertaken with vital private sector participation. Policy and implementing guidelines on the use of PDMF are set by the PDMF Board. It is composed of the NEDA as Chair, the DOF, the DBM and the PPP Centre. The PDMF may be extended to any department, bureau, office, commission, authority or agency of the national government, including government-owned or controlled corporation, government financial institutions, state university and college; and local government unit authorized by law or their respective charters to contract for or undertake infrastructure or development projects. The overall management of the PDMF, including the application process, is governed by the Project Development and Monitoring Facility Guidelines. The diagram shows an overview of the PDMF application process. The application starts with the interested agency's submission to the PPP Centre of complete application requirements. Projects approved by the PDMF Board will be provided with Transaction Advisers who are selected under transparent processes and strict rules.

External Sources (Official Development Partners, ODA)

Official Development Partners (ODAs)

The multilateral agencies have had varying areas of focus and priority: the ADB has historically supported transport, energy, agriculture infrastructure, and water supply projects; the United Nations (UN) has supported infrastructure with focus on the attainment of the Millenium Development Goals; the WB and other funds that it administers have supported transport, water supply, and energy infrastructure. The bilateral agencies have supported a number of crross-cutting areas such as PPP and investment promotion infrastructure. The table below shows the ODA profile based on their priority areas, as well as their strategy framework for development (Source: 2011 ODA Portfolio Review of the National Economic Development Authority)

ODA Profile and ODA Infrastructure Pipeline

Development Partners	Country Assistance Strategy/Framework	Priority Areas
1. Multilaterals		
ADB	Urban Climate Change Resilience Trust Fund (UCCRTF) Country Partnership Strategy (CPS) Country Operation Business Plan	Supports climate change integration into city planning, implementation of both hard and soft interventions, and included a strong knowledge component. These will facilitate cities reduce risks that rapid urbanization and climate change have on their population, particularly urban poor. UCCRTF was established in Dec 2013 with support by DFID, Rockefeller Foundation, USAID, and Swiss Economic Cooperation and Development, a multi-donor trust fund administered by ADB, which currently has a volume of USD 150M. It aims to scale up investments in urban climate change resilience especially for urban poor, across 25 secondary cities in ASIA. Philippines is included in its priorities. • Transport, **energy**, education, agriculture and natural resources (with operations limited to the Strategy 2020, core area of environment), and **water supply, and other municipal infrastructure and services** • Support to public sector management
UN System	United Nations Development Assistance Framework (UNDAF) 2012-2018. Signed on July 2011	• Universal access to **quality social services with focus on the Millenium Development Goals (MDGs)** • Decent and productive employment for sustained greener growth • Democratic governance • **Resilience towards disaster and climate change** • Environment and natural resources protection and conservation
WB	WB Country Assistance Strategy (CAS)	• Stable Macroeconomy • Improved Investment Climate • **Better Public Service Delivery** • **Reduced Vulnerabilities** Good Governance
2. Bilaterals		
Asia-Pacific		
Government of Australia Australian	Philippines-Australia Statement of Commitment 2012-2017 (signed: 14 March	• Education • Improving Local Government Capacity • Disaster Risk Management/Climate

Agency for International Development (AusAid)	2012)	Change • Peace and Security • Cross-Cutting Themes (Governance/Public Financial Management, Human Resource and Organizational Development, Gender, **Public-Private Partnership** The AusAID's overall strategy is to improve prospects for economic growth, poverty reduction, and national stability. It upholds infrastructure development focused on (1) **improving people's access to essential infrastructure such as water supply and sanitation, transport, and energy**, (2) assisting in creation of enabling environments for private and public financing and management of infrastructure, (3) support for infrastructure sector, particularly in human resources development, institutional strengthening & capacity building. Its programs for infrastructure involve financing infrastructure maintenance & upgrading in poor areas; supporting communities' effective participation in and monitoring of infrastructure investments; & providing technical & systems support to governments in planning, financing, building, and maintaining infrastructure.
People's Republic of China	Philippine-China Five -Year Program for Trade and Economic Development	• Agriculture and Fishery Infrastructure and public works • Mining • **Energy** • ICT • Processing and manufacturing • Tourism • Engineering services • Forestry The PRC enhances cooperation. Projects funded included the North Rail and South Rail under Philippines-PRC bilateral agreements, 1975-2007.
Government of Japan	Country Assistance Policy	• Achieving sustainable economic growth through further promotion of investment • **Overcoming vulnerability and stabilizing**

	JICA	**bases for human life** and production activity • Peace and development in Mindanao JICA provides ODA loans that support economic growth focused on the following: (1) strengthening economic structures and helping overcome bottlenecks to sustainable economic growth: transport projects, such as roads and bridges, railways, air transport, ports, maritime and shipping projects; **energy sector projects**; and development finance. (2) **reducing poverty** and regional disparities: regional development activities, agriculture, irrigation, fishing industry, fishing ports, **water supply and sewerage**. (3) environmental protection and disaster mitigation, including flood control. (4) human resource development: elementary and secondary education. Policy-based financing is provided in five thematic areas: environment, energy and natural resources, international business development, international finance, and education. Eligible sectors are roads and bridges, railways, ports and maritime shipping, air transport, power and energy, development finance, regional and industrial special economic zones, agriculture, **water and sanitation**, environment, flood control, and education.
Republic of South Korea Korean International Cooperation Agency (KOICA) Korea Eximbank-Economic Development Cooperation Fund (EDCF)	Country Partnership Strategy Framework Arrangement Concerning Loans Country	• **Socio-economic Infrastructure Development** • Agriculture and Water Resources Development • Health and Medical Service
New Zealand	ASEAN-New Zealand Joint Comprehensive Partnership Agreement	• Economic development in the fields of agriculture, eco-tourism and enterprise development • **Safe and equitable communities** • **Energy**

West		
Canada	Strategy on Sustainable Economic Development Canadian International Development Agency (CIDA)	Sustainable economic development The CIDA provides technical assistance to local governments to **improve the delivery of services to the poor and enhance the participation of local communities in setting development plans** in areas such as investment, taxation, and social services. The objectives of CIDA's strategy are to (1) foster efficient, responsive, transparent, and accountable governance at all levels; and (2) support the development of sustainable Small and Medium Enterprises or SMEs that create more, better, and decent jobs for both men and women. One of its major technical assistance initiatives is the l**ocal government support program** (local economic development component).
European Union	EU Country Strategy Paper for the Philippines EU Multi-Annual Indicative Programme	Health, Governance, Trade-related Assistance, **Vulnerable Populations**, Support to the Mindanao Peace Process EU provides development cooperation that covers broad-based equitable growth, capacity & institution building, private sector development, **social services, environment**, good governance, & human rights. There is no specific strategy for urban development & development cooperation policy. International action generally supports the attainment of Millennium Development Goals.
France	French Financial Protocol expired in 2008; projects considered on a case-by-case basis GPH-AFD-MOU on AFD's Development Activities	ICT**, Energy**, Transportation, Environment, Health
Spain	Proposed Philippine-Spain MOU on Financial Cooperation in Support of Trade and Investment Proposed Strategic Partnership Framework for Development Cooperation	Water treatment, new and renewable energies, energy and **electricity**, Civil infrastructure, capital goods, turn-key projects, ICT, solid waste treatment, engineering and architectural services and works Health, **Basic Social Services** (Health and Water and Sanitation), Governance, Peace Process

Sweden	Swedish International Cooperation Agency (SICA)	The SICA provides development cooperation focused on democratic governance and greater respect for human rights, and natural resources and the environment. It provides support provided mainly through major multilateral donors, including the World Bank and United Nations bodies, and through Swedish agencies and institutions in contract-financed technical cooperation. No infrastructure project in the Philippines has been funded except for **technical assistance and policy reforms relating to water and sanitation**, and environmental management.
USAID	Country Assistance Strategy Philippines Draft Country Development Cooperation Strategy	Economic Governance, Health, **Environment and Energy,** Education, Mindanao Peace and Development Basically the same areas. The USAID's main programs are the following: 1. Economic development & governance: improvements in judicial efficiency and in gov't policy & administration, and promotion of innovations in trade and investment. 2. **Energy & environment: energy sector performance, environmental governance, urban environmental mgt** 3. Family health: capacity of provinces, cities, municipalities, and the private sector to provide good-quality health services. 4. Conflict reduction: consolidation of peace in Mindanao through development of needed economic infrastructure, expansion of economic opportunities in conflict-affected areas & improvement of governance & social services. 5. Education: access to education, livelihood.

World Bank, WB

The WB's strategy is to assist national and local governments in developing sustainable cities. Its main activities are the following: (1) formulation of national urban strategies, (2) provision of support for city development strategies, (3) scaling up of programs and services for the poor, and (4) enhancing assistance for capacity building. Sustainable cities are described as those that are livable, competitive, well-governed and well-managed, and bankable. The aim of the WB's urban and local government strategy is to promote sustainable cities and towns by improving the lives of the poor and promoting equity, while contributing to the progress of the country as a whole. Its urban development programs support four major themes: access to urban services for the poor, municipal finance, municipal governance and institution-building, and other urban development. Among the lessons learned by the WB in its experience in the Philippines are: (1) Cost-sharing incentives encourage investments of LGUs in critical sectors such as SWM, environmental protection, revenue generation and support for informal communities affected by projects. (2) However, a corresponding level of technical assistance needs to be extended to increase the capacity of the LGUs to operate and sustain the infrastructure built. (3) At the same time, financial assistance to private sector proponents for subprojects brings in private capital and management experience that enhances the delivery of services that have traditionally been undertaken by LGUs.

Asian Development Bank, ADB

The ADB's partnership with the Philippines is based on the intersection of PDP priorities with ADB Strategy 2020 and its Urban Operational Plan. The ADB's Urban Operational Plan supports developing member countries in developing their urban economies, improving environmental sustainability, and making pro-poor investments. Total ADB lending to the Philippines from 1973 to 2008 reached $1.18 billion, of which $23M was technical assistance projects. The Philippines is the ADB's largest borrower in cumulative loan amounts, accounting for 8 percent of total sovereign lending. In terms of cumulative non-sovereign financing, the Philippines is the fifth largest client with 6.3 percent of ADB total non-sovereign operations. ADB's thrust in urban sector is improving urban environment through capacity development and financing. The latter is focused on water and sanitation, SWM, urban transport, urban renewal and basic services for the poor, and multi-sector interventions. Current areas for ADB support are: environment, climate change, and disaster risk management.

ASEAN Infrastructure Fund, AIF

This regional fund is expected to provide loans of up to USD 300M a year and has a lending commitment through 2020 of up to USD 4B. The AIF was incorporated in April 2012 with shareholdings from nine ASEAN members (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Singapore, Thailand, Vietnam)

Basic Design and Structure of AIF

Equity	Debt	Lending Operation	ADB's Role
USD335.2M from 9 ASEAN countries	Debt issued to leverage 1.5 times the equity (It means equity to loan ratio of about 60% by 2020 and about 44% by 2025)	Lending to relevant ASEAN countries	Generate the project pipeline
USD 150M from ADB	High-investment grade credit rating	Based on ADB's country partnership	Ensure that appropriate

	targeted	strategy and regional pipelines	safeguards and due diligence are part of project design and administration and report to ASEAN
Around USD 162M in hybrid capital (perpetual bonds)	Central Bank and other institutions including private sector, to purchase the debt after the EIF has established a clear track-record and sufficient lending volume	Initially only on sovereign and sovereign-guaranteed projects and public portions of PPP projects, later also loans to private sponsors after formal determination of the AIF	Provide co-financing and act as the lender of record
			Administer the AIF (including financial management, loan servicing, accounting and financial reporting during the project administration and evaluation

Source: ADB (2011). Report and Recommendation of the President to the Board of Directors: Proposed Equity Contribution and Administration of ASEAN Infrastructure Fund

5 – Annex A. List of abbreviations

ADB	Asian Development Bank
AIF	Asian Infrastructure Fund
AusAID	Australian Agency for International Development
BAP	Bankers Association of the Philippines
BESF	Budget of Expenditures and Sources of Financing
BLGF	Bureau of Local Government Finance
BOT	Build-Operate-Transfer
BPI	Bank of the Philippine Islands
CIDA	Canadian International Development Agency
CMP	Community Mortgage Program
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DILG	Department of Interior and Local Government
DOF	Department of Finance
DSWD	Department of Social Work and Development
DTI	Department of Trade and Industry
EDCF	Economic Development Cooperation Fund
GDP	Gross Domestic Product
GFI	Government Financing Institution
GOCC	Government-Owned and Controlled Corporation
GSIS	Government Service Insurance System
HCC	Human Cities Coalition
HUDCC	Housing and Urban Development Coordinating Council
IRA	Internal Revenue Allotment
IRR	Implementing Rules and Regulation
ISF	Informal Settler Families
JBIC	Japan Bank International Cooperation Development
JICA	Japan International Cooperation Agency
LBP	Land Bank of the Philippines
LCE	Local Chief Executive
LDC	Local Development Council
LGC	Local Government Code
LGU	Local Government Unit
LGUGC	Local Government Unit Guarantee Corporation
LWUA	Local Water Utility Administration
MDF	Municipal Development Fund
MDFO	Municipal Development Fund Office
NCR	National Capital Region
NEDA	National Economic and Development Authority
NGO	Non-Government Organization
NEA	National Electrification Administration
NGA	National Government Agency

NHA	National Housing Authority
NHMDC	National Home Mortgage Development Council
ODA	Official Development Assistance
PRC	People’s Republic of China
PDMF	Project Development Monitoring Facility
PFI	Private Financial Institution
PMB	Project Monitoring Board
PNAI	Philippine Investment Alliance Infrastructure
PIP	Philippine Investment Program
PIPDF	Private Infrastructure Project Development Facility
PPP	Public-Private Partnership
PSP	Private Sector Participation
RA	Republic Act
SEC	Securities and Exchange Commission
SHFC	Social Housing Finance Corporation
SICA	Swedish International Cooperation Agency
SWM	Solid Waste Management
TA	Technical Assistance
UDHA	Urban Development Housing Act
USAID	United States Agency for International Development
VGF	Viability Gap Funding
WB	World Bank

6 - Annex D. Overview of successful PPP cases

Public-Private Partnership Projects of LGUs

LGU /Type of Project Project cost (Million $) PPP Scheme Private Proponent
Status

Power Sector
Bohol/ Provincial 5.00 Joint Salcon Consortium (Phil)
Awarded under
Electric System Venture
solicited mode
(Operational)

Olongapo City/Electricity 13.3 Build- Cagayan Electric Power
Awarded under
Distribution System Operate and Light Company
solicited mode
(CEPALCO)
(granted a 25-yr
Franchise in 201
Information and Communications
Technology

Malabon City 0.46 Build-Transfer- Geodata Systems
Awarded under
Operate Technologies
(Phil) unsolicited mode
(operational)

Sources: Coordinating Council on Private Sector Participation; Philippines Public-Private Partnership Centre; Department of Budget and Management's Reports on Budget of Expenditures and Sources of Financing, 2007-2012.

7 - Annex E. Reference list

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